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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN HUTCHINSON, VENKATESWARAN KRISHNAN,
and SENTHILKUMAR VADIVEL

Appeal 2016-007167
Application 13/309,109¹
Technology Center 3600

Before HUNG H. BUI, MICHAEL J. ENGLE, and PHILLIP A. BENNETT,
Administrative Patent Judges.

ENGLE, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a final rejection of claims 21–29, which are all of the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

Technology

The application relates to “electronic procurement tools . . . for auditing purchases and pricing to determine compliance with supplier contracts.” Spec. ¶ 2. Claim 21 is illustrative and reproduced below:

¹ Appellants state the real party in interest is Vinimaya, Inc. App. Br. 3.

21. A system for auditing purchases in an electronic marketplace, comprising a processor and a memory coupled to the processor, the memory storing instructions to direct the processor to perform operations comprising:

- presenting a purchasing organization with a procurement audit interface to define a set of audit parameters wherein said procurement audit interface is configured to permit an administrative end-user to:
 - select a set of items from a server-side electronic supplier catalog wherein said interface enables said purchasing organization to set a part number and a baseline price to be associated with each of said set of items;
 - define a tolerance value for said baseline price comprising an acceptable price deviation from said baseline price; and
 - schedule one or more times to launch an audit on said set of items selected from the server-side electronic supplier catalog;
- launching said audit, according to said schedule, on said set of items originally baselined from the server-side electronic supplier catalog against an external client-side search of at least one electronic supplier catalog;
- comparing a real-time price, determined by said external search, for at least one item against said baseline price for that item;
- generating an analysis for a set of purchases, made by one or more purchasing end-users, through the electronic marketplace for defined period of time which identifies any suppliers whose prices match said baseline price for that item; any price differences, between said real-time price and said baseline price, for each of said items audited; and whether said real-time price is within the tolerance value of said baseline price.

Rejection

Claims 21–29 stand rejected under 35 U.S.C. § 101 as being directed to ineligible subject matter. Final Act. 6–10.²

ISSUE

Did the Examiner err in concluding that claim 21 is directed to patent-ineligible subject matter?

ANALYSIS

Section 101 defines patentable subject matter: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court, however, has “long held that this provision contains an important implicit exception” that “[l]aws of nature, natural phenomena, and abstract ideas are not patentable.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (quotation omitted). “Issues of patent-eligible subject matter are questions of law.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1369 (Fed. Cir. 2011). To determine patentable subject matter, the Supreme Court has set forth a two part test.

“First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts” of “laws of nature, natural phenomena, and abstract ideas.” *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014). “The inquiry often is whether the claims are directed to ‘a specific means or

² Appellants amended the claims after the Final Action, and the Examiner subsequently withdrew the rejections under 35 U.S.C. §§ 103 and 112, first and second paragraphs. *See* Advisory Act. 2 (June 26, 2015); Ans. 2.

method’ for improving technology or whether they are simply directed to an abstract end-result.” *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1326 (Fed. Cir. 2017). A court must be cognizant that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas” (*Mayo*, 566 U.S. at 71), and “describing the claims at . . . a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1337 (Fed. Cir. 2016). Instead, “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

In the second step, we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). The Supreme Court has “described step two of this analysis as a search for an ‘inventive concept’—*i.e.*, an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Id.* (quotation omitted). For computer-related technology, the Federal Circuit has held that a claim may pass the second step if “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer [technology].” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (e.g., “a challenge particular to the Internet”).

Here, the Examiner determines “the claims are rooted in the fundamental economic practice of comparing prices” and “managing human mental activity.” Ans. 3. “The claims address the challenge of comparing prices and adherence to contract price agreements in procurement environments, an abstraction in a method of doing business.” *Id.* at 5.

Appellants argue “the Examiner has completely ignored the fact that this claim is necessarily rooted in computer technology in order to overcome a problem specifically arising in the world of e-procurement that does not exist in a paper-catalog or traditional brick and mortar storefront.” App. Br. 9 (bolding omitted).

Specifically, in the world of automated e-procurement, the obtaining of descriptive material . . . necessarily presents the challenge of coordinating . . . a variety of encoded attributes . . . generally invisible to the human eye since they would be encoded in the source code of the electronic supplier catalogs . . . that are retrieved from “an external client-side search” (Claim 21) against the “items originally baselined from the server-side electronic supplier catalog” (Claim 21) This correlates to DDR’s technological innovation . . . because it deals with a problem engendered by the unique nature of electronic catalogs accessed through multiple platforms (*e.g.*, a server-side e-catalog and an external search initiated by a client).

App. Br. 9–10 (quotation and footnote omitted). In the Reply Brief, Appellants also rely on a slightly different problem in arguing “the pending claims deal with a problem (loss of organizational control) caused by the move to a specific technical environment (e-procurement).” Reply Br. 3 (citing Spec. ¶ 3).

However, we agree with the Examiner that “the claims at hand address a business challenge that is not particular to the Internet.” Ans. 5. Appellants have not sufficiently persuaded us that comparing and auditing

prices is unique to “e-procurement,” nor that the claimed solution precludes a manual process. We note that the “encoded attributes . . . invisible to the human eye” relied on by Appellants are not recited in the claims. Thus, Appellants’ argument is not commensurate with the scope of the claims as presently written. Moreover, even if the mere mention of “an external client-side search” and a “server-side electronic supplier catalog” did imply such invisible encoded attributes (App. Br. 9–10), we agree with the Examiner that “the claims at issue fail to specify *how* interactions with the machine are manipulated to achieve the claimed functions,” instead “merely describing the effect or result.” Ans. 6 (emphasis added). Thus, even if Appellants’ alleged problem existed, “[t]he claims, defining a desirable information-based result and not limited to inventive means of achieving the result, fail under § 101.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1351 (Fed. Cir. 2016). We therefore agree with the Examiner that the claims are directed to an abstract idea.

Appellants also argue the claims do not “tie up” the art because “[i]f via exhaustive searching for prior art . . ., Appellant has claimed an innovation that cannot be rejected as obvious, it simply does not logically follow that the Pending Claims would ‘tie up’ the exception.” App. Br. 10–11. However, we agree with the Examiner that preemption is not the appropriate test under § 101. “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made

moot.” *Id.* We further agree with the Examiner (Ans. 7) that “§ 101 subject-matter eligibility is a requirement separate from other patentability inquiries,” including obviousness. *Return Mail, Inc. v. U.S. Postal Service*, 868 F.3d 1350, 1370 (Fed. Cir. 2017); *see also Mayo*, 566 U.S. at 91 (“These considerations lead us to decline the . . . invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101.”); *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016) (“under the *Mayo/Alice* framework, a claim directed to a newly discovered . . . abstract idea . . . cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility”). Moreover, the Supreme Court has instructed that “limiting the use of an abstract idea to a particular technological environment” cannot transform a patent-ineligible abstract idea into a patent-eligible invention. *Alice*, 134 S. Ct. at 2358 (quotation omitted).

Appellants further contend the claims as a whole amount to “significantly more” than the abstract idea because

[d]etermining a real-time price via an external search, launched from the client-side of an electronic supplier catalog, for an item matching one that was originally baselined, in order to compare it to a predetermined tolerance level both “effects a transformation or reduction of a particular article to a different state or thing” and “adds unconventional steps that confine the claim to a particular useful application” by providing cross-platform (server-side e-catalog versus an external client-side search of an e-catalog) coordination of the inhuman data attributes (i.e., attributes encoded in said e-catalogs) necessary to resolve the various audit goals of the Pending Claims.

App. Br. 12–13. We are not persuaded of error, however, because Appellants apply the wrong test and do not sufficiently explain their arguments. “[I]n *Mayo*, the Supreme Court emphasized that satisfying the

machine-or-transformation test, by itself, is not sufficient to render a claim patent-eligible, as not all transformations or machine implementations infuse an otherwise ineligible claim with an ‘inventive concept.’” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014). Moreover, even under a transformation test, we agree with the Examiner that Appellants have not identified what article they believe has been transformed to a different state. Ans. 8. We likewise agree with the Examiner that Appellants have not identified what specific steps they believe are “unconventional,” as “the claims require no more than generic computer devices that perform generic functions.” *Id.* And as noted above, Appellants’ “attributes encoded in said e-catalogs” do not appear in the claims as presently written, nor does a particular technical way of addressing such attributes.

Accordingly, we sustain the Examiner’s rejection of claim 21, and claims 22–29, which Appellants do not argue separately. *See* App. Br. 7–13; 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

For the reasons above, we affirm the Examiner’s decision rejecting claims 21–29.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 41.50(f).

AFFIRMED